

# Know Your Rate — and Pay the Right Price

## Destination-based Sales Tax

SALES TAX CHANGE EFFECTIVE JULY 1, 2008, FOR SHIPMENTS AND DELIVERIES

### **Sales tax is now charged according to where you receive shipped and delivered goods**

Beginning July 1, 2008, businesses that ship or deliver goods are required to charge sales tax based on where the customer receives the goods — the destination of the delivery. This means sales tax is no longer based on where you buy an item but where you take possession of it. For example, if you purchase a couch from a Seattle store and have it delivered to your home in Tacoma, you will pay Tacoma's sales tax rate.

### **It may pay to know your rate**

You should be charged less sales tax if the rate where you receive goods, typically your home or business, is lower than the rate at the store or warehouse. In other cases, you may pay more, or the tax rate will be the same. If you receive goods at the store or warehouse, the sales tax will continue to be based on the rate at that location.

### **How to find your rate**

To find the tax rate for your location, use our online lookup tool at [taxrates.dor.wa.gov](http://taxrates.dor.wa.gov). You can search by address, map, or ZIP+4.

### **Why the change?**

For years, Washington businesses have been losing sales to businesses outside the state that sell via catalog or Internet and don't charge Washington's sales tax. This leaves Washington businesses at a competitive disadvantage, and the loss of sales to out-of-state businesses is eroding the tax base that funds the essential public services on which we all rely.

To correct this, a number of states have joined a national Streamlined Sales Tax Agreement that is designed to ensure out-of-state businesses collect the proper sales tax. The first step in the agreement is to provide a consistent way of collecting sales tax across the country. And to do that, Washington needed to change to the destination-based sales tax for shipped and delivered goods.

*If you have questions or would like more information, please visit our web site at [destinationtax.dor.wa.gov](http://destinationtax.dor.wa.gov) or call 1-800-647-7706.*